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**ANNUAL REPORT TO STOCKHOLDERS  
Montgomery Ward & Co., Incorporated**

*RECEIVED  
MARCH 12 1925  
1925*  
Chicago, Ill., January 23, 1925.

**To THE STOCKHOLDERS:**

Presented herewith is the audited balance sheet of your Company for the year ended December 31, 1924.

The net profits for 1924 amounted to \$10,433,501, compared with \$7,702,625 in 1923—an increase of \$2,730,876, or 35.45%.

The net sales amounted to \$150,045,065, compared with \$123,702,043 in 1923—an increase of \$26,343,022, or 21.30%. The sales for 1924 increased 77.07% over 1922 and 118.97% over 1921.

As of December 31, 1924, current assets were \$39,948,599 and current liabilities \$10,717,814, showing a ratio of 3.73 to 1, which compares with a ratio of 3.82 to 1 as of December 31, 1923.

Your Company again ends the year with no notes payable outstanding.

On February 18, 1924, your Company resumed payment of dividends on the Class "A" Stock, and during the year paid dividends for the five quarters ending December 31, 1924. At the end of 1923 the arrears on Class "A" dividends amounted to \$22.75 per share or \$4,663,750. These arrears have now been reduced to \$12.25 per share or \$2,511,250, \$3.50 per share having been paid on November 5th, 1924, and \$5.25 per share is to be paid on January 26th, 1925.

After payment of current dividends on Preferred and Class "A" Stocks; and \$3.50 per share on dividend arrears on Class "A" Stock; and reserving \$1,200,000 for Federal Income Tax; and deducting \$500,000 for Charter requirements in regard to Preferred Stock Sinking Fund and Surplus, there remained a balance carried to Undivided Profits for the year 1924 of \$5,990,071.

The increase in sales has made it desirable to extend some of the Company's plants. The new plant opened in Oakland, Calif., on January 1st, 1924, has been doubled in size—the new unit being opened for business on November 1st, 1924. Larger quarters have been leased at Ft. Worth and additions are being made to the Kansas City and St. Paul branches. A new plant is being built in Baltimore which, it is expected, will be opened for business in August, 1925. The financing of these expenditures has been accomplished without depleting cash account of funds needed to carry increased inventories, and for other cash requirements incident to the largely increased business.

The Management of the Company acknowledges and appreciates the loyal co-operation of employees throughout the year.

**MONTGOMERY WARD & Co., INCORPORATED.**

**THEODORE F. MERSELES, President.**

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# MONTGOMERY WAR

## Balance Sheet—D (Compared with D)

Assets	December 31, 1924	December 31, 1923
CURRENT AND WORKING ASSETS:		
Cash.....	\$ 8,224,854.77	\$ 3,365,475.72
Marketable Securities.....	280,411.88	242,857.88
Accounts Receivable.....	5,032,538.44	4,375,335.78
Notes Receivable.....	38,360.17	118,673.32
Inventories of Merchandise, Supplies, etc.—		
Mercantile.....	\$24,902,372.39	\$22,836,512.53
Factories.....	1,420,061.19	1,614,972.76
	26,322,433.58	24,451,485.29
Affiliated Companies—		
Notes Receivable.....	50,000.00	50,000.00
Total Current and Working Assets	\$39,948,598.84	\$32,603,827.99
INVESTMENTS—AFFILIATED COMPANIES	2,457,148.49	2,559,877.87
SINKING FUND DEPOSIT—PREFERRED STOCK	1,015,434.05	812,074.87
REAL ESTATE, BUILDINGS, MACHINERY AND EQUIPMENT:		
Real Estate and Buildings—		
Mercantile.....	\$13,476,053.20	\$12,445,926.18
Factories.....	755,468.63	846,398.75
	\$14,231,521.83	\$13,292,324.93
Machinery and Equipment—		
Mercantile.....	\$ 2,722,098.04	\$ 2,399,676.47
Factories.....	521,839.81	471,101.38
	3,243,937.85	\$ 2,870,777.85
	17,475,459.68	16,163,102.78
Net Sales for year ending December 31, 1924.....\$150,045,065		
Net Sales for year ending December 31, 1923..... 123,702,043		
Net Sales for year ending December 31, 1922..... 84,738,826		
Net Sales for year ending December 31, 1921..... 68,523,244		
	\$60,896,641.06	\$52,138,883.51

We have audited the accounts and records of Montgomery Ward & Co., Incorporated, covering the year ending December 31, 1924, and certify that the above Balance Sheet is in accordance with the records, and, in our opinion, correctly sets forth the financial position of the Company as at December 31, 1924. After providing for depreciation on buildings and equipment and for bad and doubtful accounts, a net profit of \$10,433,500.81 has resulted from the operations for the year. Inventories of merchandise and supplies have been valued at cost or market, whichever was lower. There were arrears of dividends on the Class "A" Stock for the last three quarters of 1921, all of 1922 and the first three quarters of 1923, amounting to \$3,587,500, of which there has since in January, 1925, been declared for payment \$1,076,250.

ARTHUR YOUNG & CO.,  
Certified Public Accountants.

Chicago, Illinois, January 21, 1925.

# D & CO., Incorporated

December 31, 1924

(December 31, 1923)

## Liabilities

December 31, 1924

December 31, 1923

### CURRENT LIABILITIES:

Notes Payable.....	None	None
Accounts Payable.....	\$ 5,736,856.03	\$ 4,911,764.61
Due Customers.....	2,768,750.72	2,228,208.06
Accrued Expenses, including General and Federal Taxes.....	2,212,207.50	1,392,923.88
<b>Total Current Liabilities.....</b>	<b>\$10,717,814.25</b>	<b>\$ 8,532,896.55</b>

### GENERAL RESERVES.....

RESERVE FOR REAL ESTATE, BUILDINGS, ETC.....	341,040.24	258,271.45
	1,735,371.38	1,735,371.38

### PREFERRED STOCK 7% CUMULATIVE:

\$100 Par Value—Authorized and Issued.....	4,249,800.00	4,249,800.00
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### CLASS "A" STOCK, \$7 PER SHARE CUMULATIVE:

205,000 shares having no par value.....	5,594,037.28	5,594,037.28
(On liquidation or dissolution receives \$100 per share subject to rights of prior stock)		

### COMMON STOCK, \$10 PAR VALUE:

Authorized 1,285,000 shares.....	11,412,510.00	11,412,510.00
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\*Issued and Outstanding 1,141,251

SURPLUS CREATED BY CONVERSION OF THE NO PAR VALUE COMMON STOCK TO \$10 PER SHARE PAR VALUE (Not available for Dividends)	9,189,737.80	9,189,737.80
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### EARNED SURPLUS:

As at December 31 previous year.....	\$11,166,259.05	\$ 4,217,987.87
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Profit for Year..... \$10,433,500.81

<i>Less:</i> Reserved for Income Taxes..... \$ 1,200,000.00	\$ 500,000.00
Dividend on Preferred Stock for the year..... 244,223.25	254,353.75
Dividends paid on Class "A" stock..... 2,499,206.50	—
<b>\$ 3,943,429.75</b>	<b>\$ 754,353.75</b>

Surplus Profit for Year.....	6,490,071.06	\$ 6,948,271.18
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As at close of Year..... 17,656,330.11 11,166,259.05

Made up of—

Reserve for Sinking Fund for Preferred Stock to December 31, 1924.....	\$ 1,000,000.00	\$ 800,000.00
Reserved as per Charter requirements for Surplus to December 31, 1924.....	1,500,000.00	1,200,000.00
Remainder.....	15,156,330.11	9,166,259.05
	<b>\$17,656,330.11</b>	<b>\$11,166,259.05</b>
	<b>\$60,896,641.06</b>	<b>\$52,138,883.51</b>

\*60 shares of Class "B" still to be exchanged.

Contingent Liability in respect to guarantee of Mortgage Bonds of \$630,000 now outstanding issued by Montgomery Ward Warehouse Corporation, Portland, Oregon, and of the Mortgage Bonds of \$285,000 now outstanding issued by The Eagle Paper Company, Joliet, Illinois.

The Company owns and holds in its Treasury for retirement through the operation of Sinking Fund 7,703 shares of its Preferred Stock leaving in the hands of the public 34,795 shares of Preferred Stock.

